



Iowa Department of Transportation

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September 18, 2009

The Honorable James L. Oberstar
Chairman, Committee on Transportation and Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Oberstar:

The American Recovery and Reinvestment Act (Recovery Act) is fundamentally about creating and supporting jobs and boosting this nation's and Iowa's economy. I am pleased that the Iowa Department of Transportation (DOT) has been able to support that goal by using the funds to invest in and make much-needed improvements in Iowa's transportation infrastructure.

As requested in your memo of July 20, the purpose of this letter is to explain how the Iowa DOT ensured equitable geographic distribution of highway funds and complied with the statutory requirement to give priority to highway infrastructure investment projects located in economically distressed areas (EDA).

Under the Recovery Act, Iowa received \$358.2 million by formula through the Federal Highway Administration (FHWA) for highway restoration, repair and construction; improvements for passenger and freight rail transportation; transit capital; and eligible port infrastructure projects. The Iowa Transportation Commission is responsible for transportation project selection for the Iowa DOT and utilized Iowa's existing planning and programming process to assist in identifying projects to be funded with Recovery Act resources. Iowa also suballocates both funding and project selection to local governments through the metropolitan planning organizations (MPO) and regional planning affiliations (RPA) as further described later.

In order to more easily understand the answers to the two questions posed in your letter, it is helpful to know how Iowa targeted the Recovery Act highway infrastructure funds across program areas and between state and local government decision-making.

- Targeted \$12.3 million to Transportation Enhancement (TE) projects, \$7.3 million by local jurisdictions and \$5 million by the state DOT.
- Targeted \$5 million to rail projects by the state DOT.
- Targeted \$0.5 million to transit capital by local jurisdictions.

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- Targeted \$340.2 million to highway projects, with \$112.2 million by local jurisdictions and \$228 million by the state DOT.

1. What is the extent to which your State has complied with the statutory requirement that States give priority to highway projects that are located in economically distressed areas. Please note the percentage of your State's total allocated Recovery Act highway funds that have been obligated to economically distressed areas, as of August 31, 2009.

Consistent with the Recovery Act, priority was given to projects that are projected to be completed within three years and are located in EDAs. To ensure compliance with the EDA priority requirement, Iowa used data developed and provided by FHWA's Iowa Division Office which identified the EDA counties in Iowa consistent with the requirements of the Recovery Act. Based on the information provided Iowa DOT by FHWA, 44 of Iowa's 99 counties were identified as economically distressed, representing about 20 percent of Iowa's population.

The Iowa DOT programmed over \$228 million of the highway infrastructure investment program funds for highway projects. One hundred percent of these funds have been let and awarded, and over 77 percent of the funding (\$174.6 million) was directed to projects in EDA counties. In addition, \$112.2 million of the highway infrastructure funds provided to local governmental entities in Iowa were also targeted for highway projects. Of that amount, \$82.1 million have been awarded to date and 28 percent (\$23.2 million) of those awarded local funds have also been directed to projects located in EDAs. This results in 63.8 percent (\$197.8 million) of the total highway infrastructure funding awarded to date for highway projects (\$310.1 million) being targeted to highway projects in EDAs.

2. Provide a brief, formal written explanation detailing how your State has ensured that highway formula funds are equitably distributed within your State.

The Recovery Act required that 30 percent of the state's total formula allocation be sub-allocated within the state based on population. However, Iowa, in keeping with its longstanding level of distribution for federal highway funds, allocated the state's nine MPOs and 18 RPAs a higher amount of approximately 33.5 percent, or \$120 million.

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This distribution to the local planning agencies for local investment decisions, in combination with the Iowa Transportation Commission's statewide investment perspective, means the funds have been targeted to projects across all of Iowa. The result is that these Recovery Act funds are being spent on projects in 87 of Iowa's 99 counties.

I am also attaching a memo from the FHWA's Iowa Division Office with their assessment of our achievements in these two areas. I am extremely pleased about and proud of Iowa's ability to balance many criteria and yet achieve such a high level of compliance in all aspects. If you have any further questions regarding the State of Iowa's efforts to comply with the priorities and guidance for the use of Recovery Act funding, let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Richardson", written in a cursive style.

Nancy J. Richardson
Director

NJR:ckw

Attachment